



## Health Insurance Plans in the Marketplace

### How does the Affordable Care Act clarify the process of choosing health insurance?

In order to make it easier for consumers to compare different health insurance plan options and better understand their out-of-pocket costs, the Affordable Care Act (ACA) creates basic guidelines for health insurance plans. Starting in 2014, each health insurance plan will have to cover, at a minimum, a comprehensive package of essential health benefits. Each plan's cost-sharing for the essential health benefits will differ and be categorized in four levels: bronze, silver, gold, and platinum. Consumers will be able to easily compare across plans on the Illinois Health Insurance Marketplace's website.

### How are the four levels of coverage determined?

The four levels of coverage are based on the percentage of health care costs covered by a health insurance plan for the average person, referred to as "actuarial value."<sup>i</sup> For example, if an insurance plan has an actuarial value of 80 percent, the insurer would pay, on average, 80% of the costs of covered benefits and the patient would be responsible for 20 percent of the costs of covered benefits, on average, through deductibles, co-pays, etc.

### Will there be a difference in payments between healthy and less healthy individuals?

Under the ACA, insurers will no longer be able to charge consumers higher premiums based on being sick or having a pre-existing condition. Because actuarial values are based on expenditures for an average person, the actual percentage of costs paid by any given individual will vary depending on their usage. As a result, consumers who use their health coverage more often will likely pay more cost-sharing, such as co-pays and co-insurance, than the average person.

### What are the coverage costs for the different plans?

The coverage for the four different levels is:

Health Insurance Plan Level	Actuarial Value
Bronze	60%
Silver	70%
Gold	80%
Platinum	90%

Although all plans will cover the essential health benefits, individuals will still need to determine which insurance plan best fits their health and financial needs. Plans with higher actuarial values (such as Gold and Platinum level plans) will have lower out-of-pocket costs when benefits are used, but will likely have higher monthly premiums. Plans with lower actuarial values (such as Silver and Bronze level plans) will likely have lower monthly premiums, but higher deductibles and out-of-pocket costs when benefits are used.

Actual costs of plans on the Illinois Health Insurance Marketplace will be available in the fall of 2013.



# illinois health insurance marketplace

## **What should be kept in mind when reviewing a plan's costs?**

When considering metal levels, it is important to remember that the levels represent the percent of covered health care costs, not the number or type of benefits. Additionally, financial help for purchasing coverage on the Marketplace will be based on Silver level plans.

## **What is “cost-sharing?”**

Cost-sharing is different than insurance premiums and refers to out-of-pocket costs for covered health care benefits. Examples of cost-sharing include deductibles, co-insurance, and co-payments.

## **What are the rules of cost-sharing restrictions?**

Although cost-sharing differs among the four plan levels, no plan will be able to charge cost-sharing for essential health benefits greater than \$6,350 for an individual or \$12,700 for a family in 2014 (these limits will be adjusted annually based on the cost of health insurance). The Affordable Care Act protects lower income individuals with additional reductions on both cost-sharing and annual maximum out-of-pocket costs. Additionally, no health insurance plan can apply a deductible or any cost-sharing for certain recommended preventative health services.

## **What are catastrophic plans and can anyone purchase them?**

Young adults under 30 and individuals exempted from the individual mandate (exempted because other coverage options exceed 8% of income) are allowed to purchase catastrophic plans. Catastrophic plans will have higher deductibles than the four levels described above. While catastrophic plans will cover recommended preventive services and three primary care visits per year, no coverage of essential health benefits is required until the annual out-of-pocket limit is met. Additionally, financial help will not be available to help purchase a catastrophic plan.

---

<sup>i</sup>Actuarial value is different from a health plan's premium. Premiums for different plans at the same level will vary from one insurer to another.